

# Build a Business You Love

Dave Ramsey

## Important Points:

- Businesses exist in specific stages depending on their size. You'll need to move through the six drivers of business and deal with each stage's particular difficulties to advance to the next stage.
- There is only so much you can do as an individual. Your company can only grow if you're able to find ways to offload some work to others, so you can focus on top-level work.
- The steps you take to reach the next stage of a business are not just important for that stage, but for all stages after as well.

## Summary:

In **Build a Business You Love: The Five Drivers of Business**, Dave Ramsey explains the five distinct stages a business reaches as it grows. Through personal experience, Ramsey has learned what the main challenges are at each stage in a business's development, as well as how to overcome these hurdles. He also touches upon the underlying aspects that lead to successful businesses in the first place. Whatever stage your business is in, Ramsey provides a framework to help you understand what steps to take next.

## Overview:

### Part I: The Six Drivers of Business

Ramsey identifies six categories that propel businesses forward and allow them to grow to their next stage. Dubbed **the six drivers of business**, these are: personal, purpose, people, plan, product, and profit. Each category manifests differently, depending on the stage your business is in, but we can discuss the concepts generally.

#### Personal

The personal driver is about your leadership qualities. As a leader, you are a potential bottleneck for the growth of your company. You'll need to make the conscious decision to improve in areas you find yourself lacking. This includes personal skills such as kindness or attentiveness; your ability is in no way set in stone.

#### Purpose

Your company needs a purpose to exist beyond accumulating money. Employees will lose interest over time if there's no real meaning in their work. Customers can also detect when a company values money and nothing else. Your purpose could be as simple as helping others in the specific way your company is able to, such as a bakery providing sustenance to hungry people.

#### People

Employees are time consuming to train, expensive to maintain, and potentially damaging if they are unhappy or a poor fit for your company. Investing resources into hiring and retaining quality employees will eventually pay for itself. Developing a cohesive and enjoyable work culture maximizes your ability to retain quality employees and avoid the difficulties of the hiring process.

**Plan**

Working without a plan in place will only take your company so far. To keep your business growing, you will need to create a long-term vision for the future, rather than just working on day-to-day tasks.

**Product**

Many business leaders start with the product driver only; this may be the most logical driver, but you still need the rest as well. The biggest pitfall of this driver is letting perfection be the enemy of good. You need to ship your product at some point, because it will likely never be perfect, but it may be close enough.

**Profit**

Understanding your profit situation is important even in the early stages of your business. You shouldn't feel bad about making a profit, since people weren't forced to give you money; they chose to. Budget accordingly, otherwise your business is unlikely to last.

**Part II: Stages of Business**

Ramsey describes the five stages of business, from smallest to largest, as consisting of the treadmill operator, pathfinder, trailblazer, peak performer, and the legacy builder stages.

**Treadmill Operator**

You're likely in the treadmill operator stage if too much of your business rests directly on your shoulders. Your biggest constraint is probably time, so you'll need to find ways to free up your time from day-to-day operations in order to grow your business. First, try planning out your day in detail. There may be some places that you can save time if you look closely. Additionally, look to hire or otherwise offload some of your work onto a team member.

When hiring, consider those who get referred, have strong resumes and references, and have a likeable, enthused attitude. Double-check that their budget is sufficient for their living situation, and interview them more than once. Consider instituting a 90-day probationary period to verify that new hires are compatible with your organization. Also, keep in mind that you'll retain more employees if you clearly articulate the responsibilities of the job. Depending on the specific role, there may be a test you can administer to verify the potential hire's ability.

Your budget will inform whether you can afford to hire more employees or not. If not, take a look at your budget and see what needs to change so you make enough money to expand and free up your time.

**Pathfinder**

At the pathfinder stage, you finally have enough spare time to begin properly charting your business's course. You may struggle here with keeping your teams on the same page, especially if you don't have a company-wide vision. Ramsey provides three suggestions to help keep your company aligned: a mission statement, a vision statement, and defined core values. A mission statement is a short yet significant statement that explains the what and why of your company. A vision statement, by contrast, explains the direction of your company, and what achieving your goals will look like. Defining your company's core values will further solidify its culture. Your core values represent the ingrained beliefs that define your

organization's ethos. Unlike your vision statement, your core values are a snapshot of where your business is at the moment, rather than being a goal to strive towards.

As your company grows, individuals will fit into more specific roles, rather than being jack of all trades. Use *Key Result Areas* (KRAs) to make it clear what the expectations are for a specific role. These don't need to be set in stone, but employees should be accountable to them.

Quality communication within your business is absolutely critical. Communicate often and on different levels, such as large-scale meetings and one-on-ones. By holding these meetings, you can both further cement your company's cultural values, and also provide information to employees so that they do not assume the worst when an issue arises.

### **Trailblazer**

This is where your business is really starting to take off, and throwing more working hours at a problem is no longer a viable solution. To exceed the trailblazer stage, you're going to need to create a strong company culture. An HR department can help focus on recognizing and expanding your core values, especially when it comes to hiring. The dangers of a weak company culture include a lack of communication, loss of unity, gossip, disagreements going unresolved, and loss of motivation via incompetence being tolerated.

At this stage, you need to look for and develop strong leadership. These leaders must embody your company's vision and core values, because at this level, they are leaders in their own right, and must instruct and inspire those below them without your input. Qualified leaders have the capability to grow talent and teams, and to nurture new leaders. Such leaders can make strategic choices on their own.

In addition to developing strategic-thinking leaders, you'll need to utilize **strategic planning**. This involves developing a handful of tasks that must be completed over the next year for your business to progress. Each task needs someone in charge to ensure it's being completed, and you'll want to regularly meet with those individuals to remain updated on the tasks' progress.

If your business is still unable to reach the next stage, you may be lacking **repeatable processes**. These are layers in your business that do things besides sales, such as HR, or an expanded accounting department. Running your company on a minimal structure may work well when your company is small, but as it grows, you will increasingly miss out on opportunities or efficiencies that could be reached with a specialized department or employee for that area.

### **Peak Performer**

As the name suggests, at this stage, things are going well... Perhaps too well. Complacency is likely to be the biggest issue you'll face here; it's easy to start coasting and lose that competitive edge that brought you here in the first place. Your company can maintain its focus by having a mission that involves doing something important, such as helping others, rather than just existing for the sake of money.

Another way to maintain your edge is by inspiring your team. You can do this by retelling the stories of your company's past, including its great trials and successes. There will always be new employees who

haven't heard these stories before, and it will further drive home the message for longtime team members. These types of messages only sink in through repetition, so you'll need to repeat them often.

Micromanagement is bad, but you still need to keep tabs on what's going on around you. Doing so lets your team know what your expectations are, so they can work accordingly. Communication in general remains critical here; remember, if you try to hide something, your team will likely come up with their own, negative explanation, and the issue will continue to grow.

Staying innovative is difficult, but **proactive disruption** can prevent your organization from falling behind. Your company may be in a strong position currently, but consider pondering which specific steps would need to be taken to double in size. Doing so will allow you to deal with these difficulties before they arise, instead of constantly needing to react to problems as they happen. You could create a special department for working on proactive tasks, but at the minimum you must signal that your organization will stay ahead of the curve.

### **Legacy Builder**

Though it may be difficult, you'll eventually need to consider what happens to your business after you; what kind of legacy will you leave? Few business owners properly plan for their departure from the company, and this often leaves the company a mess afterwards. This is the stage you should be acting on an already drafted plan. Some possibilities to consider include transferring the company to a family member, employee, or closing it, but legal counsel can provide better advice specific to your situation, especially regarding your tax situation. If you are planning on selling your business, consider not selling for too high a price point, or else the overburdened company may collapse, destroying your legacy.

Carefully think about your leadership team and your successor. If your successor isn't capable enough to succeed you, consider what steps need to be taken so that they one day will be. Perhaps they can meet with other members of your executive team to learn the skills they currently lack. Slowly easing your successor into the role is a better plan than thrusting it upon them all at once. They should also be made aware that their succession is not guaranteed if they fail to meet expectations before and during the transfer. Succession isn't just about the transfer of ownership, but of reputation as well. If your company is built around your personal branding, then you may need to take steps to rebrand your company to a more general appearance, or to a different one altogether.

## Reading Questions

What stage would you say your business is currently in? What do you believe your business is lacking in order to reach the next stage?

Do you consciously keep all of the drivers of business in mind, or do you neglect some of them? How can you apply these drivers at your current business stage?

If you don't have one already, try to think of a vision statement for your business. Where do you see it headed, and what shape will it take at that destination? If you do have one, do you think your vision statement is still accurate, or does it need to be updated?